

# SOCIAL INFRASTRUCTURE AND COMMUNITY MANAGEMENT FOR PEACE

(CO-0234)

## EXECUTIVE SUMMARY

<b>Borrower and guarantor:</b>	Republic of Colombia	
<b>Executing agency:</b>	Administrative Department of the Office of the President (DAPRE) and Investment Fund for Peace (FIP)	
<b>Amount and source:</b>	IDB (OC):	US\$63 million
	Local:	<u>US\$27 million</u>
	Total:	US\$90 million
<b>Financial terms and conditions:</b>	Amortization period:	25 years
	Grace period:	4 years
	Disbursement period:	4 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
<b>Objectives:</b>	Currency:	U.S. dollar, from the Single Currency Facility
	<p>The general objective of the program is to support the peace process and make it sustainable by improving the quality of life in municipalities suffering from high rates of poverty and violence, and by reinforcing the presence of the State.</p> <p>The specific objectives are:</p> <ol style="list-style-type: none"> <li>To strengthen mechanisms for community participation and local governance so as to improve the identification, prioritization, management and social control of projects and activities that will strengthen the institutional presence of the State and reinforce the peace process.</li> <li>To replace, rehabilitate, equip, and build basic social infrastructure.</li> <li>To enhance the use of social infrastructure by improving services, expanding coverage and establishing mechanisms for coordination with other national and local assistance programs, or those sponsored by civil society, with particular emphasis on recreational and cultural activities.</li> </ol>	

**Description:** The program is designed as a series of swift and effective interventions within a limited number of municipalities, in order to: (i) organize the community and rebuild the social fabric; (ii) restore destroyed or damaged social infrastructure; (iii) strengthen local government; and (iv) facilitate the delivery of assistance programs to these municipalities. These actions will strengthen the presence of the State while helping to rebuild social and human capital.

The beneficiary municipalities under the program have been selected in accordance with the following criteria: (i) levels of violence defined as moderate or low; (ii) levels of poverty based on the Quality-of-Life Index (QLI); (iii) population of the municipal town of less than 10,000 inhabitants, although in some exceptional cases this may be as high as 20,000; (iv) authorities elected democratically in accordance with the national Constitution; and (v) compliance with fiscal reform legislation. Municipalities located in the “distension” zones are excluded, as are those that benefit directly from other programs with similar purposes and activities. Based on these criteria, an initial group of 252 municipalities has been selected as eligible.

The program will have the following components:

**1. Enhancing the management capacity of communities and local governments (US\$18.7 million)**

The general objective of this component is to promote and support participation, to develop community management capacity, and to improve the efficiency of local governments so that they can take full advantage of program activities. The component consists of two subcomponents: (i) strengthening community organizations and local governments, and (ii) use of social infrastructure and facilities.

**2. Basic social infrastructure (US\$63.8 million)**

The objective of this component is to replace, rehabilitate and/or build approximately 1,260 infrastructure works in the areas of education, health, sports, recreation and culture, and social development, destroyed or damaged by the armed conflict. New physical works will have simple designs, using standard templates that are fully adaptable to local climatic and topographical conditions and lot sizes. The average cost of these works will be US\$38,000. The component will also pay for the equipment needed for each type of project. Approximately 20 percent of the projects will finance social infrastructure works of benefit to indigenous peoples, and about 10 percent will benefit the Afro-Colombian population.

### 3. Monitoring and evaluation (US\$850,000)

The purpose of this component is to provide a comprehensive evaluation of the program so as to verify that its objectives have been achieved. It will focus on the relationship between outcomes achieved, initial budget and objectives defined.

Consulting services will be financed: (i) to prepare a measurement baseline; (ii) to implement programming and monitoring work; and (iii) to reform midterm and final evaluations. The program will also finance training and the preparation of guidelines and manuals for project monitoring workshops for municipal government officials and community representatives.

#### **The Bank's country and sector strategy:**

The Country Paper (CP) approved in 1999 addresses the country's principal development challenges through a strategy that focuses all activities on pacification. In terms of strengthening the peace process, the program targets the following areas: (i) equality and poverty reduction; (ii) sound public institutions building; (iii) decentralization; and (iv) sustainable growth.

#### **Environmental and social review:**

Given the nature and objectives of the proposed operation, it qualifies as a poverty-targeted investment. The beneficiaries will be the communities living in the 252 selected municipalities. These municipalities have an average QLI of 51.7, compared with a national average of 75.7. The average QLI in municipalities where more than 20 percent of the population is indigenous is 40.8, and the average in municipalities where more than 30 percent of the population is Afro-Colombian is 45.6.

No significant environmental impacts are expected. Community works will generally be minor and will include the necessary precautions to avoid, mitigate or correct any possible negative impact on the environment, especially in the case of rehabilitation or replacement. The Social Solidarity Network (RSS) has adequate environmental management tools, which will be reviewed and adjusted as necessary. In addition, technical assistance will be provided to communities to make proper use of the works.

#### **Benefits:**

The program is part of a series of efforts undertaken by the Government of Colombia and the international community to rebuild the country's social capital, restore social infrastructure damaged by the conflict, and enhance the presence of the State in target municipalities. The program will benefit the 252 poorest municipalities with medium and low rates of violence. It will help to improve living conditions and enhance the presence of the State. It

will also improve equity, reinforce social organization and improve basic social infrastructure, encourage cultural and recreational activities, and in this way help to restore the social fabric. Training and technical assistance for communities will provide them with the knowledge needed to strengthen their decision-making and management capacity.

Having community players undertake the social infrastructure works will serve to: (i) encourage project designs that are better adapted to community needs and demands, and will help to empower communities; (ii) enhance the transparency of resource use; (iii) reduce construction costs; (iv) encourage greater use of local labor and materials; (v) reinforce community management capacity; and (vi) enhance the sustainability and impact of projects.

As well, the decentralized approach, including the outsourcing of program execution, and the planned institutional adjustments will make the country's decentralization process more efficient and solid.

#### **Risks:**

The major **risks** that could affect program implementation relate to politicization and lack of transparency in resource allocation. **Mitigating condition:** to increase transparency, an advisory council will be set up with representatives of CSOs (civil society organizations) and public entities, responsible for monitoring program execution and outcomes. As well, municipalities have been selected for participation on the basis of a transparent mechanism that uses the QLI to target the poorest communities. The priority accorded to financing projects with community and local government participation will reduce political interference. Moreover, independent evaluations during program execution, the hiring of private engineering firms to inspect and supervise the works, and the contracting of independent auditors to review operations and program accounts will significantly reinforce the accountability and transparency of resource allocation.

There is a **risk** of possible modifications to the peace strategy in the country as a result of the change of administration following the next elections, and this could affect program execution. **Mitigating condition:** given its focus on poverty and violence, however, the program is unlikely to undergo major changes. The project team held a meeting with CSO representatives, mayors, NGOs and government officials, where all participants recognized the importance of the activities planned, the need to support the poorest municipalities by strengthening community self-management capacities and improving social infrastructure, as well as the significance of enhancing the presence of the State in the selected zones. Recent statements by the major political groups have reiterated the need to enlist the international community's full support for the peace process, especially in providing social services for the neediest groups.

A further **risk** to the program is its complexity. **Mitigating condition:** to attenuate this risk: (a) the Program Executing Unit (PEU) will be up and running before the program begins, and will be assisted by specialized consultants in preparing calls for tender and receiving and analyzing bids; (b) the Bank will confirm that the executing agency's information systems are functioning properly and that timetables and documentation needs are being met; and (c) monitoring and supervision procedures have been simplified to avoid delays in contracting and disbursement procedures without jeopardizing accountability to the government and to the Bank.

**Special contractual clauses:**

The executing agency will be required to fulfill the following conditions before the first disbursement is made:

- a. Entry into force of the *Program Operating Regulations* (see paragraph 3.15).
- b. Signature of an *interadministrative agreement* with the Social Solidarity Network (RSS) government its participation as coordinating agency in implementing the program activities (see paragraph 3.1)
- c. Creation and establishment of the *Program Executing Unit* (PEU), including the hiring of the general coordinator and staff. To this end, the sum of US\$100,000 will be authorized as an advance on the loan upon fulfillment of the conditions precedent contained in the general contractual conditions (see paragraph 3.4).
- d. Signature of *agreements* with the participating bodies (see paragraph 3.5).

Within four months after entry into force of the loan contract, the following information will be submitted to the Bank: (i) the baseline data; (ii) the indicators to be taken into account for the midterm evaluation; and (iii) a description of the procedure to be used for compiling and processing annual data for comparison against the baseline, in performing the final project evaluation (see paragraph 3.25).

**Poverty-targeting and social sector classification:**

This operation qualifies as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, the program qualifies as a poverty-targeted investment (PTI). The borrower will be using the 10 percentage points in additional financing (see paragraph 4.13).

**Exceptions to Bank policy:** None.

**Procurement:** The ceilings applicable to Colombia for the procurement of goods and services and for works are US\$350,000 and US\$5 million, respectively. The program does not call for works of this magnitude, however. Procurement for amounts below these thresholds will be conducted in accordance with national legislation; with the system of price shopping recommended for works contracts valued at less than US\$250,000, and for goods procurement at less than US\$100,000. An ex post evaluation will be conducted of works and services contracts for which bids or proposals are called, in amounts below the thresholds for international competitive bidding, and in the case of contracts with consulting firms and individual consultants, amounts below US\$100,000 or US\$50,000, respectively. All contracting will be done in accordance with procedures acceptable to the Bank, as established in Annexes B and C of the loan contract.